Application for an Initiative or Referendum

Utah Code § 20A-7-202

Name of Organization
CLEAN THE DARN AIR

Sponsor Statement

I, YORAM BAUMAN
Name of Sponsor (please type or print)
affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

825 E LOLAN AVE
Residence Address

Sponsor's Signature

SLC UT 84105
City, State, Zip

206-351-5719
Phone Number

Notary Seal

YORAM@DARNAIR.ORG
Email

Subscribed and affirmed before me this 9 day of January 2023,

by

Emily Nelson
Notary Public

NOTARY PUBLIC
EMILY NELSON
COMM. # 712438
MY COMMISSION EXPIRES
JUNE 27, 2024
STATE OF UTAH

Sponsor Statement

I, David Carrier
Name of Sponsor (please type or print)
affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

3150 E Louise Ave
Residence Address

Sponsor's Signature

Salt Lake City, UT 84109
City, State, Zip

3852277235
Phone Number

Notary Seal

carrier.dave@gmail.com
Email

Subscribed and affirmed before me this 9 day of January 2023

by

Emily Nelson
Notary Public

NOTARY PUBLIC
EMILY NELSON
COMM. # 712438
MY COMMISSION EXPIRES
JUNE 27, 2024
STATE OF UTAH

Received
JAN 10 2023
Deidre M. Henderson
Lieutenant Governor

Application for an Initiative or Referendum

Utah Code § 20A-7-202

Name of Organization
CLEAN THE DAMN AIR

Sponsor Statement

I, Casey Hansen (Name of Sponsor (please type or print)) affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

947 E 600 S
Residence Address

Sponsor's Signature

Salt Lake City, UT 84102
City, State, Zip

801-513-6856
Phone Number

Notary Seal

casey.s.hansen@gmail.com
Email

NOTARY PUBLIC
EMILY NELSON
COMM. # 712438
MY COMMISSION EXPIRES
JUNE 27, 2024
STATE OF UTAH

Subscribed and affirmed before me this 9 day of January 2023.

by Emily Nelson
Notary Public

Sponsor Statement

I, London Kelley (Name of Sponsor (please type or print)) affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

10278 N Yorkshire Cr
Residence Address

London Kelley
Sponsor's Signature

Highland, UT, 84003
City, State, Zip

385-528-9819
Phone Number

Notary Seal

londonckelley@gmail.com
Email

NOTARY PUBLIC
EMILY NELSON
COMM. # 712438
MY COMMISSION EXPIRES
JUNE 27, 2024
STATE OF UTAH

Subscribed and affirmed before me this 9 day of January 2023.

by Emily Nelson
Notary Public

Application for an Initiative or Referendum

Utah Code § 20A-7-202

Name of Organization
Clean the Darn Air

Sponsor Statement

I, Jan Baker Kennington affirm that I am a resident of Utah and I have voted in a regular general election in Utah within the last three years.

Name of Sponsor (please type or print)

7251 S. Pippin Dr.
Residence Address

Jan Baker Kennington
Sponsor's Signature

Cottonwood Heights UT 84121
City, State, Zip

801-578-4694
Phone Number

Notary Seal

jankenn311 gmail.com
Email

Subscribed and affirmed before me this 29 day of December 2022

by Randi Weaver
Notary Public

RANDI WEAVER
Notary Public State of Utah
My Commission Expires on:
May 5, 2026
Comm. Number: 724473

January 10, 2023

Deidre M. Henderson
Utah Lieutenant Governor's Office

RE: Clean The Air Carbon Tax Act initiative application

Lieutenant Governor Henderson:

Enclosed please find the Clean The Air Carbon Tax Act initiative petition application.

The intent of our proposal is to put $100m a year into local air quality programs and $50m a year into rural economies, eliminate the state sales tax on grocery store food and expand the state's Earned Income Tax Credit match for low-income working families, and pay for it all with a modest carbon tax on the fossil fuels that are the main source of both local air pollution and global climate change. In other words, as summarized on our website (CleanTheDarnAir.org): "tax pollution instead of potatoes, and use the money that's left over to Clean The Darn Air."

Thank you for your attention to this matter and thank you for this opportunity to participate in Utah's democracy.

Sincerely,

Yoram Bauman, Dave Carrier, Jan Baker Kennington, Casey Hansen, London Kelley, and other supporters of the Clean The Darn Air campaign (DarnAir.org)

Per 20A-7-202(2)(f): Although we plan to gather signatures with only volunteers, for maximum flexibility we state that persons gathering signatures for the petition may be paid for doing so.

Per 20A-7-202(2)(e) and following conversations with your office over the past years: This initiative petition proposes the creation of a new carbon tax.

Per 20A-7-202(2)(d), the title of this proposed law is the Clean The Air Carbon Tax Act. Over 99% of the total costs associated with the proposed law will be funded by the carbon tax created by the proposed law. Some minor costs, totaling less than 1% of total costs—for example, those associated with tax administration, enforcement, and collection—will be funded from existing sources, including the Transportation Fund and the Transportation Investment Fund of 2005.

CLEAN THE AIR CARBON TAX ACT

LONG TITLE

General Description:

This bill creates a tax on carbon dioxide emissions.

Highlighted Provisions:

This bill:

- ▶ requires the Department of Environmental Quality to certify carbon dioxide emissions by certain taxpayers;
- ▶ establishes a grant program to fund projects that reduce air pollution;
- ▶ imposes a carbon dioxide emissions tax, including:
  - defining terms;
  - requiring records;
  - addressing rate and remittance requirements for tax on motor fuel, special fuel, aviation fuel, natural gas, large emitter emissions, and electricity;
  - granting rulemaking authority; and
  - creating restricted accounts in which to deposit carbon emissions tax revenue and providing the types of expenditures that may be made from the restricted accounts;
- ▶ converts the nonrefundable state earned income tax credit into a refundable state earned income tax credit and changes the rate;
- ▶ provides for the apportionment of the state earned income tax credit;
- ▶ requires the State Tax Commission to reimburse the Income Tax Fund from the Carbon Emissions Revenue Restricted Account for earned income tax credits claimed;
- ▶ eliminates the state sales and use tax on food;
- ▶ modifies the formulas for calculating earmarks of sales and use tax revenue to account for the deposit of carbon emissions tax revenue; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-10-1002.2, as last amended by Laws of Utah 2022, Chapter 12

59-12-103, as last amended by Laws of Utah 2022, Chapters 77, 106 and 433

72-2-126, as last amended by Laws of Utah 2022, Chapter 99

ENACTS:

19-1-208, Utah Code Annotated 1953

19-1-209, Utah Code Annotated 1953
19-2-401, Utah Code Annotated 1953
59-10-1102.1, Utah Code Annotated 1953
59-10-1114, Utah Code Annotated 1953
59-30-101, Utah Code Annotated 1953
59-30-102, Utah Code Annotated 1953
59-30-103, Utah Code Annotated 1953
59-30-201, Utah Code Annotated 1953
59-30-202, Utah Code Annotated 1953
59-30-203, Utah Code Annotated 1953
59-30-204, Utah Code Annotated 1953
59-30-205, Utah Code Annotated 1953
59-30-206, Utah Code Annotated 1953
59-30-207, Utah Code Annotated 1953
59-30-301, Utah Code Annotated 1953
59-30-302, Utah Code Annotated 1953

REPEALS:

59-10-1044, as enacted by Laws of Utah 2022, Chapter 12

Be it enacted by the People of the state of Utah:

Section 1. Section **19-1-208** is enacted to read:

19-1-208. Certification of large emitter for tax purposes.

(1) As used in this section:

(a) "Industrial use" means the same as that term is defined in Section 59-12-102.

(b) "Large emitter" means the same as that term is defined in Section 59-30-101.

(c) "Metric ton" means the same as that term is defined in Section 59-30-101.

(d) "Operator" means the same as that term is defined in Section 59-30-101.

(2) (a) On or before May 1, an operator of a large emitter shall apply to the department for a written certification of the number of metric tons of carbon dioxide that the large emitter emitted in this state during the previous calendar year from combustion of fossil fuels not taxed under Sections 59-30-201 through 59-30-204 for:

(i) industrial use; and

(ii) uses other than industrial use.

(b) In applying for the certification required by this section, an operator shall provide the department with the following information for the previous calendar year:

(i) measurements in metric tons of carbon dioxide emissions from combustion in this state by the large emitter of fossil fuels not taxed under Sections 59-30-201 through 59-30-204 for:

(A) industrial use; and

(B) uses other than industrial use; and

(ii) any information that the large emitter may be required to provide to the United States Environmental Protection Agency for the facility by 40 C.F.R. Sec. 98.2.

(3) Prior to issuing a certification, the department shall determine the large emitter's number of metric tons of carbon dioxide emissions from combustion of fossil fuels not taxed under Sections 59-30-201 through 59-30-204 for:

(a) industrial use; and

(b) uses other than industrial use.

(4) On or before June 1, the department shall:

(a) issue to the operator, on a form provided by the State Tax Commission, a certification of the number of metric tons of carbon dioxide emissions that the large emitter emitted during the previous calendar year from combustion in this state by the large emitter of fossil fuels not taxed under Sections 59-30-201 through 59-30-204 for:

(i) industrial use; and

(ii) uses other than industrial use; and

(b) provide the State Tax Commission with an electronic report listing the name and address of each operator to which the department issued a certification under this section.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department may make rules governing the process for an operator to apply for and the department to issue a written certification required by this section.

(6) The department shall notify the State Tax Commission if the department concludes that there is an error in a previously issued written certification that may require the large emitter to file an amended return in accordance with Section 59-30-103.

(7) The provisions of this section apply beginning on January 1, 2026.

Section 2. Section **19-1-209** is enacted to read:

19-1-209. Certification of electricity provider.

(1) As used in this section:

(a) "Electricity" means the same as that term is defined in Section 59-30-101.

(b) "Electricity provider" means the same as that term is defined in Section 59-30-101.

(c) "Industrial use" means the same as that term is defined in Section 59-12-102.

(d) "Metric ton" means the same as that term is defined in Section 59-30-101.

(2) (a) On or before May 1, an electricity provider shall apply to the department for a written certification of the number of metric tons of carbon dioxide emissions associated with electricity that the electricity provider delivered in the state during the previous calendar year for:

(i) industrial use; and

(ii) uses other than industrial use.

(b) In applying for the certification required by this section, an electricity provider shall provide to the department the following information for the previous calendar year:

(i) the number of megawatt hours of electricity that the electricity provider delivered to retail customers in this state for industrial use;

(ii) the number of megawatt hours of electricity that the electricity provider delivered to retail customers in this state for uses other than industrial use;

(iii) the number of pounds of carbon dioxide per megawatt hour associated with electricity that the electricity provider delivered in the state, calculated using the single system-average anthropogenic delivery metric in the Electric Power Sector Protocol from The Climate Registry;

(iv) information that the electricity provider used to calculate the single system-average anthropogenic delivery metric in the Electric Power Sector Protocol from The Climate Registry;

(v) information that the electricity provider or the person from which the electricity provider purchases electricity provides to the Federal Power Commission as required by 16 U.S.C. Secs. 796, 797, 825c, and 825h; and

(vi) information on fuel mix that the electricity provider or the person from which the electricity provider purchases electricity is required to disclose to another state or to a person in another state.

(3) (a) Prior to issuing a certification, the department shall:

(i) determine the number of metric tons of carbon dioxide per megawatt hour associated with electricity that the electricity provider delivered in the state by dividing the number in Subsection (2)(b)(iii) by 2,205;

(ii) determine the electricity provider's metric tons of carbon dioxide emissions associated with electricity that the electricity provider delivered in the state during the previous calendar year for industrial use by multiplying the number in Subsection(2)(b)(i) by the number in Subsection (3)(a)(i); and

(iii) determine the electricity provider's metric tons of carbon dioxide emissions associated with electricity that the electricity provider delivered in the state during the previous calendar year for uses other than industrial use by multiplying the number in Subsection(2)(b)(ii) by the number in Subsection (3)(a)(i).

(b) The department may use the information reported in accordance with Subsections (2)(b)(iv) through (vi) to assess the accuracy of the information reported in accordance with Subsections (2)(b)(i) through (iii).

(4) On or before June 1, the department shall:

(a) issue to the electricity provider, on a form provided by the State Tax Commission, a certification of the number of metric tons of carbon dioxide emissions associated with electricity that the electricity provider delivered in the state during the previous calendar year for:

(i) industrial use; and

(ii) uses other than industrial use; and

(b) provide the State Tax Commission with an electronic report listing the name and address of each electricity provider to which the department issues a certification under this section.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department may make rules governing the process for an electricity provider to apply for and the department to issue a written certification required by this section.

(6) The department shall notify the State Tax Commission if the department concludes that there is an error in a previously issued written certification that may require the electricity provider to file an amended return in accordance with Section 59-30-103.

(7) The provisions of this section apply beginning on January 1, 2026.

Section 3. Section **19-2-401** is enacted to read:

Part 4. Clean Air Grant Program

19-2-401. Clean air grant program.

(1) As used in this section:

(a) "Advisory board" means the Air Quality Policy Advisory Board created in Section 19-2a-102.

(b) "Clean air grant program" means the program created by this section.

(c) “Low-income community” means any census block group in which 30% or more of the population are low-income individuals.

(d) “Low-income individual” means an individual who resides in a household whose gross family income, as defined by rule, is at or below 200% of the federal poverty level.

(2) (a) Subject to other provisions of this section, the executive director may award a grant to any person that submits a proposal for a project that the department, after consulting with the advisory board, determines will improve air quality in Utah.

(b) At least twenty percent of the grant money awarded must prioritize air quality improvements for low-income individuals or low-income communities.

(c) The department may use up to 2% of the money appropriated to the department for the clean air grant program for administrative purposes, including monitoring and compliance.

(3) A person that seeks to obtain a grant shall, using forms the department requires by rule, make a written application describing:

(a) the proposed use for grant funds;

(b) the projected impact the project will make in improving air quality in Utah; and

(c) any other relevant information requested by the department.

(4) (a) Both the department and the advisory board shall review any applications submitted under this section.

(b) The department shall evaluate proposals and award grants:

(i) after receiving recommendations from the advisory board;

(ii) after reviewing the administrative costs of a proposed project and giving priority to a project with low administrative costs compared to the cost of the project; and

(iii) in accordance with the process the department establishes by rule.

(c) The aggregate amount of grants the executive director awards in a fiscal year may not exceed the amount that the Legislature appropriates into the clean air grant program for the previous fiscal year.

(5) If the executive director awards an aggregate amount of grants in a fiscal year that is less than the amount that the Legislature appropriates into the clean air grant program for the previous fiscal year, the money not awarded shall lapse to the Carbon Emissions Tax Refund Restricted Account created in Section 59-30-302.

(6) (a) On or before October 31, the department shall make an in-person report to the Natural Resources, Agriculture, and Environment Interim Committee and the Revenue and Taxation Interim Committee.

(b) The department shall include in the report:

(i) the amount of money the executive director awarded under this section during the previous fiscal year;

(ii) the uses of the money awarded under this section during the previous fiscal year;

(iii) a report on the status of the state's air quality and the impact of the clean air grant program on the state's air quality; and

(iv) any other relevant information requested by the Natural Resources, Agriculture, and Environment Interim Committee or the Revenue and Taxation Interim Committee.

(7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department, after consultation with the advisory board, shall make rules governing:

(a) the process for a person to file an application to receive a grant;

(b) criteria the executive director shall consider in prioritizing proposals and awarding grants; and

(c) the process for disbursing grant funds.

Section 4. Section **59-10-1002.2** is amended to read:

59-10-1002.2. Apportionment of tax credits.

(1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024, 59-10-1028, 59-10-1042, or 59-10-1043, [~~or 59-10-1044~~] may only claim an apportioned amount of the tax credit equal to:

(a) for a nonresident individual, the product of:

(i) the state income tax percentage for the nonresident individual; and

(ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but for the apportionment requirements of this section; or

(b) for a part-year resident individual, the product of:

(i) the state income tax percentage for the part-year resident individual; and

(ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.

(2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned amount of the tax credit equal to the product of:

(a) the state income tax percentage for the nonresident estate or trust; and

(b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

Section 5. Section **59-10-1102.1** is enacted to read:

59-10-1102.1. Apportionment of tax credits.

A nonresident individual or a part-year resident individual who claims a tax credit in accordance with Section 59-10-1114 may only claim an apportioned amount of the tax credit equal to the product of:

(1) the state income tax percentage for the nonresident individual or the state income tax percentage for the part-year resident individual; and

(2) the amount of the tax credit that the nonresident individual or the part-year resident individual would have been allowed to claim but for the apportionment requirement of this section.

Section 6. Section **59-10-1114** is enacted to read:

59-10-1114. Refundable earned income tax credit.

(1) As used in this section:

(a) "Federal earned income tax credit" means the federal earned income tax credit described in Section 32, Internal Revenue Code.

(b) "Qualifying claimant" means a resident or nonresident individual who:

(i) qualifies for and claims the federal earned income tax credit for the current taxable year; and

(ii) earns income in Utah that is reported on a W-2 form.

(2) (a) Subject to Section 59-10-1102.1 and Subsection(2)(b), a qualifying claimant may claim a refundable earned income tax credit equal to the lesser of:

(i) 20% of the amount of the federal earned income tax credit that the qualifying claimant was entitled to claim on a federal income tax return for the current taxable year; or

(ii) the total Utah wages reported on the qualifying claimant's W-2 form for the current taxable year.

(b) A qualifying claimant may claim the tax credit described in this section for a taxable year that begins on or after January 1, 2026.

(3) The commission shall transfer at least annually from the Carbon Emissions Revenue Restricted Account created in Section 59-30-301 into the Income Tax Fund an amount equal to 85% of the amount of the tax credit claimed under this section.

Section 7. Section **59-12-103** is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

(a) retail sales of tangible personal property made within the state;

(b) amounts paid for:

(i) telecommunications service, other than mobile telecommunications service, that originates and terminates within the boundaries of this state;

(ii) mobile telecommunications service that originates and terminates within the boundaries of one state only to the extent permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

(iii) an ancillary service associated with a:

(A) telecommunications service described in Subsection (1)(b)(i); or

(B) mobile telecommunications service described in Subsection (1)(b)(ii);

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(e) sales of prepared food;

(f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

(i) the tangible personal property; and

(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:

(A) any parts are actually used in the repairs or renovations of that tangible personal property; or

(B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;

(h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or washing of tangible personal property;

(i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days;

(j) amounts paid or charged for laundry or dry cleaning services;

(k) amounts paid or charged for leases or rentals of tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) otherwise consumed;

(l) amounts paid or charged for tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) consumed; and

(m) amounts paid or charged for a sale:

(i) (A) of a product transferred electronically; or

(B) of a repair or renovation of a product transferred electronically; and

(ii) regardless of whether the sale provides:

(A) a right of permanent use of the product; or

(B) a right to use the product that is less than a permanent use, including a right:

(I) for a definite or specified length of time; and

(II) that terminates upon the occurrence of a condition.

(2) (a) Except as provided in Subsections (2)(b) through (f), a state tax and a local tax are imposed on a transaction described in Subsection (1) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate equal to the sum of:

(A) 4.70% plus the rate specified in Subsection (12)(a); and

(B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(b) Except as provided in Subsection (2)(e) or (f) and subject to Subsection (2)(k), a state tax and a local tax are imposed on a transaction described in Subsection (1)(d) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate of 2%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(c) Except as provided in Subsection (2)(e) or (f), a state tax and a local tax are imposed on amounts paid or charged for food and food ingredients equal to the sum of:

(i) (A) on or before December 31, 2025, a state tax imposed on the amounts paid or charged for food and food ingredients at a tax rate of 1.75%; and

(B) beginning on January 1, 2026, a state tax imposed on the amounts paid or charged for food or food ingredients at a tax rate of 0%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the amounts paid or charged for food and food ingredients under this chapter other than this part.

(d) Except as provided in Subsection (2)(e) or (f), a state tax is imposed on amounts paid or charged for fuel to a common carrier that is a railroad for use in a locomotive engine at a rate of 4.85%.

(e) (i) For a bundled transaction that is attributable to food and food ingredients and tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

(A) a state tax imposed on the entire bundled transaction equal to the sum of:

(I) the tax rate described in Subsection (2)(a)(i)(A); and

(II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(B) a local tax imposed on the entire bundled transaction at the sum of the tax rates described in Subsection (2)(a)(ii).

(ii) If an optional computer software maintenance contract is a bundled transaction that consists of taxable and nontaxable products that are not separately itemized on an invoice or similar billing document, the purchase of the optional computer software maintenance contract is 40% taxable under this chapter and 60% nontaxable under this chapter.

(iii) Subject to Subsection (2)(e)(iv), for a bundled transaction other than a bundled transaction described in Subsection (2)(e)(i) or (ii):

(A) if the sales price of the bundled transaction is attributable to tangible personal property, a product, or a service that is subject to taxation under this chapter and tangible personal property, a product, or service that is not subject to taxation under this chapter, the entire bundled transaction is subject to taxation under this chapter unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise; or

(B) if the sales price of a bundled transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire bundled transaction is subject to taxation under this chapter at the higher tax rate unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise.

(iv) For purposes of Subsection (2)(e)(iii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(f) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(f)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental of tangible personal property, other property, a product, or a service that is not subject to taxation under this chapter, the entire transaction is subject to taxation under this chapter unless the seller, at the time of the transaction:

(A) separately states the portion of the transaction that is not subject to taxation under this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(ii) A purchaser and a seller may correct the taxability of a transaction if:

(A) after the transaction occurs, the purchaser and the seller discover that the portion of the transaction that is not subject to taxation under this chapter was not separately stated on an invoice, bill of sale, or similar document provided to the purchaser because of an error or ignorance of the law; and

(B) the seller is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(iii) For purposes of Subsections (2)(f)(i) and (ii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(g) (i) If the sales price of a transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate unless the seller, at the time of the transaction:

(A) separately states the items subject to taxation under this chapter at each of the different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business.

(ii) For purposes of Subsection (2)(g)(i), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(h) Subject to Subsections (2)(i) and (j), a tax rate repeal or tax rate change for a tax rate imposed under the following shall take effect on the first day of a calendar quarter:

(i) Subsection (2)(a)(i)(A);

(ii) Subsection (2)(b)(i);

(iii) Subsection (2)(c)(i); or

(iv) Subsection (2)(e)(i)(A)(I).

(i) (i) A tax rate increase takes effect on the first day of the first billing period that begins on or after the effective date of the tax rate increase if the billing period for the transaction begins before the effective date of a tax rate increase imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(e)(i)(A)(I).

(ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing statement for the billing period is rendered on or after the effective date of the repeal of the tax or the tax rate decrease imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(e)(i)(A)(I).

(j) (i) For a tax rate described in Subsection (2)(j)(ii), if a tax due on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax rate takes effect:

(A) on the first day of a calendar quarter; and

(B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

(ii) Subsection (2)(j)(i) applies to the tax rates described in the following:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(e)(i)(A)(I).

(iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define the term "catalogue sale."

(k) (i) For a location described in Subsection (2)(k)(ii), the commission shall determine the taxable status of a sale of gas, electricity, heat, coal, fuel oil, or other fuel based on the predominant use of the gas, electricity, heat, coal, fuel oil, or other fuel at the location.

(ii) Subsection (2)(k)(i) applies to a location where gas, electricity, heat, coal, fuel oil, or other fuel is furnished through a single meter for two or more of the following uses:

(A) a commercial use;

(B) an industrial use; or

(C) a residential use.

(3) (a) [~~The following state taxes shall be deposited into the General Fund~~] The commission shall deposit the following state taxes into the General Fund:

(i) the tax imposed by Subsection (2)(a)(i)(A);

(ii) the tax imposed by Subsection (2)(b)(i);

(iii) the tax imposed by Subsection (2)(c)(i); [~~and~~]

(iv) the tax imposed by Subsection (2)(e)(i)(A)(I)[~~.~~] ; and

(v) the amount described in Subsection 59-30-301(5)(b)(i).

(b) The [~~following local taxes shall be distributed~~] commission shall distribute the following local taxes to a county, city, or town as provided in this chapter:

(i) the tax imposed by Subsection (2)(a)(ii);

(ii) the tax imposed by Subsection (2)(b)(ii);

(iii) the tax imposed by Subsection (2)(c)(ii); and

(iv) the tax imposed by Subsection (2)(e)(i)(B).

(c) The [~~state tax imposed by Subsection (2)(d) shall be deposited~~] commission shall deposit the state tax imposed by Subsection (2)(d) into the General Fund.

(d) For purposes of this section, the amount described in Subsection (3)(a)(v) shall be considered revenue from a sales and use tax imposed on items described in Subsection (1).

(4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b) through (g):

(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

(A) by a 1/16% tax rate on the transactions described in Subsection (1); and

(B) for the fiscal year; or

(ii) $17,500,000.

(b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount described in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to the Department of Natural Resources to:

(A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to protect sensitive plant and animal species; or

(B) award grants, up to the amount authorized by the Legislature in an appropriations act, to political subdivisions of the state to implement the measures described in Subsections 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

(ii) Money transferred to the Department of Natural Resources under Subsection (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other person to list or attempt to have listed a species as threatened or endangered under the Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

(iii) At the end of each fiscal year:

(A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended designated sales and use tax revenue shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

(c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund created in Section 4-18-106.

(d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described in Subsection (4)(a) shall be transferred each year as designated sales and use tax revenue to the Division of Water Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of water rights.

(ii) At the end of each fiscal year:

(A) 50% of any unexpended designated sales and use tax revenue shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24;

(B) 25% of any unexpended designated sales and use tax revenue shall lapse to the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5; and

(C) 25% of any unexpended designated sales and use tax revenue shall lapse to the Drinking Water Loan Program Subaccount created in Section 73-10c-5.

(e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described in Subsection (4)(a) shall be deposited into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources.

(ii) In addition to the uses allowed of the Water Resources Conservation and Development Fund under Section 73-10-24, the Water Resources Conservation and Development Fund may also be used to:

(A) conduct hydrologic and geotechnical investigations by the Division of Water Resources in a cooperative effort with other state, federal, or local entities, for the purpose of quantifying surface and ground water resources and describing the hydrologic systems of an area in sufficient detail so as to enable local and state resource managers to plan for and accommodate growth in water use without jeopardizing the resource;

(B) fund state required dam safety improvements; and

(C) protect the state's interest in interstate water compact allocations, including the hiring of technical and legal staff.

(f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described in Subsection (4)(a) shall be deposited into the Utah Wastewater Loan Program Subaccount created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

(g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described in Subsection (4)(a) shall be deposited into the Drinking Water Loan Program Subaccount created in Section 73-10c-5 for use by the Division of Drinking Water to:

(i) provide for the installation and repair of collection, treatment, storage, and distribution facilities for any public water system, as defined in Section 19-4-102;

(ii) develop underground sources of water, including springs and wells; and

(iii) develop surface water sources.

(5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2006, the difference between the following amounts shall be expended as provided in this Subsection (5), if that difference is greater than $1:

(i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

(ii) $17,500,000.

(b) (i) The first $500,000 of the difference described in Subsection (5)(a) shall be:

(A) transferred each fiscal year to the Department of Natural Resources as designated sales and use tax revenue; and

(B) expended by the Department of Natural Resources for watershed rehabilitation or restoration.

(ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax revenue described in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(c) (i) After making the transfer required by Subsection (5)(b)(i), $150,000 of the remaining difference described in Subsection (5)(a) shall be:

(A) transferred each fiscal year to the Division of Water Resources as designated sales and use tax revenue; and

(B) expended by the Division of Water Resources for cloud-seeding projects authorized by Title 73, Chapter 15, Modification of Weather.

(ii) At the end of each fiscal year, 100% of any unexpended designated sales and use tax revenue described in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund created in Section 73-10-24.

(d) After making the transfers required by Subsections (5)(b) and (c), 85% of the remaining difference described in Subsection (5)(a) shall be deposited into the Water Resources Conservation and Development Fund created in Section 73-10-24 for use by the Division of Water Resources for:

(i) preconstruction costs:

(A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter 26, Bear River Development Act; and

(B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

(ii) the cost of employing a civil engineer to oversee any project authorized by Title 73, Chapter 26, Bear River Development Act;

(iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

(iv) other uses authorized under Sections 73-10-24, 73-10-25.1, and 73-10-30, and Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

(e) After making the transfers required by Subsections (5)(b) and (c), 15% of the remaining difference described in Subsection (5)(a) shall be deposited each year into the Water Rights Restricted Account created by Section 73-2-1.6.

(6) Notwithstanding Subsection (3)(a) and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16% tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited as follows:

(a) for fiscal year 2020-21 only:

(i) 20% of the revenue described in this Subsection (6) shall be deposited into the Transportation Investment Fund of 2005 created by Section 72-2-124; and

(ii) 80% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103; and

(b) for a fiscal year beginning on or after July 1, 2021, 100% of the revenue described in this Subsection (6) shall be deposited into the Water Infrastructure Restricted Account created by Section 73-10g-103.

(7) (a) Notwithstanding Subsection (3)(a)[~~, in addition to the amounts deposited in Subsection (6),~~] and subject to Subsection (7)(b), for [~~a~~] the period between January 1, 2026, and June 30, 2026, and for each fiscal year beginning on or after July 1, [~~2012~~] 2026, the [~~Division of Finance~~] commission shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124[~~:~~]

[~~(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:~~] a portion of the taxes listed under Subsection (3)(a) equal to 17% of the revenue collected from the following sales and use taxes:

[~~(A)~~] (i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

[~~(B)~~] (ii) the tax imposed by Subsection (2)(b)(i);

[~~(C) the tax imposed by Subsection (2)(e)(i); and~~]

[~~(D)~~] (iii) the tax imposed by Subsection (2)(e)(i)(A)(I); [~~plus~~] and

(iv) the amount described in Subsection 59-30-301(5)(b)(i).

[~~(ii) an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D)~~

~~that exceeds the amount collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.~~]

(b) [~~(i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) generated in the current fiscal year than the total percentage of sales and use taxes deposited in the previous fiscal year, the Division of Finance shall deposit an amount under Subsection (7)(a) equal to the product of:~~]

[~~(A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the previous fiscal year; and~~]

[~~(B) the total sales and use tax revenue generated by the taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year.~~]

[~~(ii) In any fiscal year in which the portion of the sales and use taxes deposited under Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of Finance shall deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).~~]

[~~(iii) Subject to Subsection (7)(b)(iv)(E), in all subsequent fiscal years after a year in which 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).~~]

[~~(iv)~~] (i) [~~(A)~~] As used in this Subsection [~~(7)(b)(iv),~~] (7)(b):

(A) "additional growth revenue" means the amount of relevant revenue collected in the current fiscal year that exceeds by more than 3% the relevant revenue collected in the previous fiscal year[~~.~~] ;

(B) [~~As used in this Subsection (7)(b)(iv),~~] "combined amount" means the combined total amount of money deposited into the Cottonwood Canyons fund under Subsections [~~(7)(b)(iv)(F)~~] (7)(b)(iii) and (8)(d)(vi) in any single fiscal year[~~.~~] ;

(C) [~~As used in this Subsection (7)(b)(iv),~~] "Cottonwood Canyons fund" means the Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10)[~~.~~] ; and

(D) [~~As used in this Subsection (7)(b)(iv),~~] "relevant revenue" means the portion of taxes listed under Subsection (3)(a) that equals 17% of the revenue collected from taxes described in [~~Subsections (7)(a)(i)(A) through~~] [~~(D)~~] Subsections (7)(a)(i) through (iv).

[~~(E)~~] (ii) For a fiscal year beginning on or after July 1, 2020, the commission shall annually reduce the deposit under Subsection [~~(7)(b)(iii)~~] (7)(a) into the Transportation Investment Fund of 2005 by an amount equal to the amount of the deposit under this Subsection [~~(7)(b)(iv)~~] (7)(b) to the Cottonwood Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the limit in Subsection [~~(7)(b)(iv)(F)~~] (7)(b)(iii).

[~~(F)~~] (iii) The commission shall annually deposit the amount described in Subsection [~~(7)(b)(iv)(E)~~] (7)(b)(ii) into the Cottonwood Canyons fund, subject to an annual maximum combined amount for any single fiscal year of $20,000,000.

[~~(G)~~] (iv) If the amount of relevant revenue declines in a fiscal year compared to the previous fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood Canyons fund under this Subsection [~~(7)(b)(iv)~~] (7)(b) in the same proportion as the decline in relevant revenue.

(8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited under Subsections (6) and (7), and subject to Subsections (8)(b) and (d)(v), for [~~a~~] the period between January 1, 2026, and June 30, 2026, and for each fiscal year beginning on or after July 1, [~~2018~~] 2026, the commission shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(i) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(ii) the revenue collected by the tax imposed by Subsection (2)(b)(i);

[~~(iii) the tax imposed by Subsection (2)(c)(i); and~~]

[~~(iv)~~] (iii) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I)[~~.~~] ; and

(iv) the amount described in Subsection 59-30-301(5)(b)(i).

(b) For a fiscal year beginning on or after July 1, 2019, the commission shall annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(a) by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

(c) The commission shall annually deposit the amount described in Subsection (8)(b) into the Transit Transportation Investment Fund created in Section 72-2-124.

(d) (i) As used in this Subsection (8)(d), "additional growth revenue" means the amount of relevant revenue collected in the current fiscal year that exceeds by more than 3% the relevant revenue collected in the previous fiscal year.

(ii) As used in this Subsection (8)(d), "combined amount" means the combined total amount of money deposited into the Cottonwood Canyons fund under Subsections [~~(7)(b)(iv)(F)~~] (7)(b)(iii) and (8)(d)(vi) in any single fiscal year.

(iii) As used in this Subsection (8)(d), "Cottonwood Canyons fund" means the Cottonwood Canyons Transportation Investment Fund created in Subsection 72-2-124(10).

(iv) As used in this Subsection (8)(d), "relevant revenue" means the portion of taxes listed under Subsection (3)(a) that equals 3.68% of the revenue collected from taxes described in Subsections (8)(a)(i) through (iv).

(v) For a fiscal year beginning on or after July 1, 2020, the commission shall annually reduce the deposit under Subsection (8)(a) into the Transportation Investment Fund of 2005 by an amount equal to the amount of the deposit under this Subsection (8)(d) to the Cottonwood Canyons fund in the previous fiscal year plus 25% of additional growth revenue, subject to the limit in Subsection (8)(d)(vi).

(vi) The commission shall annually deposit the amount described in Subsection (8)(d)(v) into the Cottonwood Canyons fund, subject to an annual maximum combined amount for any single fiscal year of $20,000,000.

(vii) If the amount of relevant revenue declines in a fiscal year compared to the previous fiscal year, the commission shall decrease the amount of the contribution to the Cottonwood Canyons fund under this Subsection (8)(d) in the same proportion as the decline in relevant revenue.

(9) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2009-10, $533,750 shall be deposited into the Qualified Emergency Food Agencies Fund created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

(10) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (10)(b), and in addition to any amounts deposited under Subsections (6), (7), and (8), the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124 the amount of revenue described as follows:

(i) for fiscal year 2020-21 only, 33.33% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1); and

(ii) for fiscal year 2021-22 only, 16.67% of the amount of revenue generated by a .05% tax rate on the transactions described in Subsection (1).

(b) For purposes of Subsection (10)(a), the Division of Finance may not deposit into the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or charged for food and food ingredients, except for tax revenue generated by a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients described in Subsection (2)(e).

(11) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the fiscal year during which the Division of Finance receives notice under Section 63N-2-510 that construction on a qualified hotel, as defined in Section 63N-2-502, has begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit $1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel Impact Mitigation Fund, created in Section 63N-2-512.

(12) (a) The rate specified in this subsection is 0.15%.

(b) Notwithstanding Subsection (3)(a), the Division of Finance shall, for a fiscal year beginning on or after July 1, 2019, annually transfer the amount of revenue collected from the rate described in Subsection (12)(a) on the transactions that are subject to the sales and use tax under Subsection (2)(a)(i)(A) into the Medicaid Expansion Fund created in Section 26-36b-208.

(13) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year 2020-21, the Division of Finance shall deposit $200,000 into the General Fund as a dedicated credit solely for use of the Search and Rescue Financial Assistance Program created in, and expended in accordance with, Title 53, Chapter 2a, Part 11, Search and Rescue Act.

(14) (a) For each fiscal year beginning with fiscal year 2020-21, the Division of Finance shall annually transfer $1,813,400 of the revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) to the General Fund.

(b) If the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) is less than $1,813,400 for a fiscal year, the Division of Finance shall transfer the total revenue deposited into the Transportation Investment Fund of 2005 under Subsections (6) through (8) during the fiscal year to the General Fund.

(15) Notwithstanding Subsection (3)(a), and as described in Section 63N-3-610, beginning the first day of the calendar quarter one year after the sales and use tax boundary for a housing and transit reinvestment zone is established, the commission, at least annually, shall transfer an amount equal to 15% of the sales and use tax increment within an established sales and use tax boundary, as defined in Section 63N-3-602, into the Transit Transportation Investment Fund created in Section 72-2-124.

(16) Notwithstanding Subsection (3)(a), the [~~Division of Finance~~] commission shall, for [~~a~~] the period between January 1, 2026, and June 30, 2026, and for each fiscal year beginning on or after July 1,[~~2022~~] 2026, transfer into the Outdoor Adventure Infrastructure Restricted Account, created in Section 51-9-902, a portion of the taxes listed under Subsection (3)(a) equal to 1% of the revenues collected from the following sales and use taxes:

(a) the revenue collected by the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(b) the revenue collected by the tax imposed by Subsection (2)(b)(i);

[~~(c) the tax imposed by Subsection (2)(c)(i); and~~]

[~~(d)~~] (c) the revenue collected by the tax imposed by Subsection (2)(e)(i)(A)(I)[~~.~~] ; and

(d) the amount described in Subsection 59-30-301(5)(b)(i).

(17) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2026, the commission shall deposit annually into the Carbon Emissions Revenue Restricted Account, created in Section 59-30-301, a portion of the taxes described in Subsection (3)(a) in an amount equal to 97% of the lesser of:

(i) the total amount the commission is required to deposit into the Transportation Investment Fund under Subsections (7) and (8); and

(ii) the revenue the commission deposits into the Transportation Investment Fund of 2005 under Sections 59-30-201 and 59-30-202.

(b) Notwithstanding Subsections (7) and (8), the commission shall reduce the deposits into the Transportation Investment Fund of 2005 required under Subsections (7) and (8) in an amount equal to the deposit described in Subsection (17)(a).

Section 8. Section **59-30-101** is enacted to read:

59-30-101. Definitions.

As used in this section:

(1) "Aviation fuel" means the same as that term is defined in Section 59-13-102.

(2) "Clean fuel" means the same as that term is defined in Section 59-13-102.

(3) "Consumer price index" means the Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor.

(4) "Distributor" means the same as that term is defined in Section 59-13-102.

(5) "Dyed diesel fuel" means the same as that term is defined in Section 59-13-102.

(6) "Electricity" means electrical energy for consumption.

(7) "Electricity provider" means a person in this state that delivers electricity to customers for consumption.

(8) "Federally certificated air carrier" means the same as that term is defined in Section 59-13-102.

(9) (a) "Fossil fuel" means aviation fuel, coal, motor fuel, natural gas, a petroleum product, petroleum, special fuel, or any form of solid, liquid, or gaseous fuel derived from these products.

(b) "Fossil fuel" includes still gas, propane, or petroleum residuals.

(10) "Industrial use" means the same as that term is defined in Section 59-12-102.

(11) (a) "Large emitter" means a facility that is required to report to the Environmental Protection Agency under 40 C.F.R. 98 and that emits over 25,000 metric tons of carbon dioxide in a calendar year from combustion of fossil fuels not taxed under Sections 59-30-201 through 59-30-204.

(b) "Large emitter" does not include an electricity provider, a person that provides electricity to an electricity provider to deliver to a customer for consumption, or a person that generates electricity.

(12) "Metric ton" means 2,205 pounds.

(13) "Motor fuel" means the same as that term is defined in Section 59-13-102.

(14) "Natural gas" means the same as that term is defined in Section 59-5-101.

(15) "Natural gas supplier" means a person supplying natural gas to a purchaser.

(16) "Operator" means a person engaged in the operation of a large emitter in this state.

(17) "Political subdivision" means the same as that term is defined in Section 11-55-102.

(18) (a) "Purchaser" means a person in this state that buys natural gas for consumption.

(b) "Purchaser" does not include:

(i) the United States government or any of the United States government's instrumentalities;

(ii) this state or the state's political subdivision; or

(iii) an electricity provider, a person that provides electricity to an electricity provider to deliver to a customer for consumption, or a person that generates electricity.

(19) "Removal" means the same as that term is defined in Section 59-13-102.

(20) "Special fuel" means the same as that term is defined in Section 59-13-102, except that special fuel does not include natural gas.

(21) "Supplier" means the same as that term is defined in Section 59-13-102.

(22) "Terminal" means the same as that term is defined in Section 59-13-102.

(23) "Undyed diesel fuel" means the same as that term is defined in Section 59-13-102.

Section 9. Section **59-30-102** is enacted to read:

59-30-102. Records.

(1) A taxpayer under this chapter shall maintain records, statements, books, or accounts:

(a) necessary to determine the amount of carbon emissions tax for which the taxpayer is liable to pay under this chapter; and

(b) for the time period during which an assessment may be made under Section 59-1-1408.

(2) The commission may require a taxpayer, by notice served upon the taxpayer, to make or keep the records, statements, books, or accounts described in Subsection (1) in a manner in which the commission considers sufficient to show the amount of carbon emissions tax for which the taxpayer is liable to pay under this chapter.

(3) After notice by the commission, the taxpayer shall open the records, statements, books, or accounts specified in this section for examination by the commission or an authorized agent of the commission.

Section 10. Section **59-30-103** is enacted to read:

59-30-103. Amended return for large emitter or electricity provider.

(1) (a) An operator of a large emitter shall file an amended return for a tax due under this chapter if:

(i) the operator determines or becomes aware of an error in the written certification obtained in accordance with Section 19-1-208; and

(ii) the error in the written certification resulted in:

(A) an overpayment of tax for which the large emitter requests a refund; or

(B) an underpayment of tax.

(b) An operator that files an amended return due to an underpayment of tax shall remit the tax due with the amended return.

(2) (a) An electricity provider shall file an amended return for a tax due under this chapter if:

(i) the electricity provider determines or becomes aware of an error in the written certification obtained in accordance with Section 19-1-209; and

(ii) the error in the written certification resulted in:

(A) an overpayment of tax for which the electricity provider requests a refund; or

(B) an underpayment of tax.

(b) An electricity provider that files an amended return due to an underpayment of tax shall remit the tax due with the amended return.

Section 11. Section **59-30-201** is enacted to read:

59-30-201. Imposition of carbon emissions tax on motor fuel.

(1) (a) Except as otherwise provided in this section or this chapter, a distributor shall pay, beginning on January 1, 2026, a carbon emissions tax on motor fuel that is sold, used, or received for sale or use in this state.

(b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

(i) beginning on January 1, 2026, and ending on December 31, 2026, 9.72 cents per gallon; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to the greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest 100th of a cent.

(c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may not exceed 97.2 cents per gallon.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (1)(c) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(d) Any increase in the tax rate applies to motor fuel that is imported into the state for sale or use on or after the effective date of the rate change.

(2) A carbon tax is not imposed under this section on:

(a) motor fuel that is brought into and sold in this state in original packages as purely interstate commerce sales;

(b) motor fuel that is exported from this state if proof of actual exportation on forms established by the commission is made within 180 days after exportation; or

(c) motor fuel that is sold to the United States government, this state, or a political subdivision of this state.

(3) Each month, a distributor shall:

(a) report to the commission, electronically as provided by the commission, the amount and type of motor fuel sold, used, or received for sale or use in this state; and

(b) pay to the commission the carbon emissions tax imposed under this section.

(4) The commission may either collect no carbon emissions tax on motor fuel exported from the state or, upon application, refund the tax paid.

(5) (a) The commission shall deposit the revenue that the commission collects under this section with the state treasurer.

(b) The commission shall credit the revenue deposited in accordance with Subsection (5)(a) to the Transportation Investment Fund of 2005 created in Section 72-2-124.

(c) The Legislature shall appropriate from the Transportation Investment Fund of 2005 created in Section 72-2-124 to the commission the amount necessary to cover expenses incurred in the administration and enforcement of this section and the collection of the carbon emissions tax on motor fuel.

(6) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 2, Motor Fuel, apply to a carbon emissions tax imposed on motor fuel under this section.

(7) The commission shall apply cooperative agreements under Chapter 13, Part 5, Interstate Agreements, to the carbon emissions tax imposed under this section.

(8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 12. Section **59-30-202** is enacted to read:

59-30-202. Imposition of carbon emissions tax on special fuel.

(1) (a) Except as otherwise provided in this section or this chapter, a supplier of special fuel in this state shall pay, beginning on January 1, 2026, a carbon emissions tax on the:

(i) removal of undyed diesel fuel from a refinery;

(ii) removal of undyed diesel fuel from a terminal;

(iii) entry into the state of undyed diesel fuel for consumption, use, sale, or warehousing;

(iv) sale of undyed diesel fuel, or of dyed diesel fuel subject to the railroad locomotive tax imposed under Section 59-12-103(2)(d), to any person that is not registered as a supplier under Chapter 13, Part 3, Special Fuel, unless the tax had been collected under this section;

(v) use of untaxed special fuel blended with undyed diesel fuel; or

(vi) use of untaxed special fuel other than propane or electricity.

(b) Subject to Subsection (1)(c), the rate of the tax imposed in this section is as follows:

(i) beginning on January 1, 2026, and ending on December 31, 2026, 12.23 cents per gallon; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to the greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest 100th of a cent.

(c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may not exceed $1.22 per gallon.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(d) The tax imposed under this section shall be imposed only once upon a special fuel.

(2) (a) A carbon emissions tax may not be imposed or collected under this section on dyed diesel fuel except for railroad locomotive fuel subject to the tax imposed under Section 59-12-103(2)(d).

(b) A carbon emissions tax may not be imposed under this section on undyed diesel fuel or clean fuel that is:

(i) sold to the United States government or any of the United States government's instrumentalities, this state, or a political subdivision of this state;

(ii) exported from this state if proof of actual exportation on forms prescribed by the commission is made within 180 days after exportation;

(iii) except as provided in Section 59-30-205, used in a vehicle off highway;

(iv) used to operate a power take-off unit of a vehicle;

(v) used for off-highway agricultural uses;

(vi) used in a separately fueled engine on a vehicle that does not propel the vehicle upon the highways of the state; or

(vii) used in machinery and equipment not registered and not required to be registered for highway use.

(c) Except for railroad locomotive fuel subject to the tax imposed under Section 59-12-103(2)(d), a carbon emissions tax may not be imposed or collected under this section on special fuel if the special fuel is:

(i) (A) purchased for business use in machinery and equipment not registered and not required to be registered for highway use; and

(B) used pursuant to the conditions of a state implementation plan approved under Title 19, Chapter 2, Air Conservation Act; or

(ii) propane or electricity.

(3) Each month, a supplier in this state shall:

(a) report to the commission, electronically as provided by the commission, the amount and type of special fuel that:

(i) is removed from a refinery;

(ii) is removed from a terminal;

(iii) enters into the state for consumption, use, sale, or warehousing;

(iv) is sold to any person that is not registered as a supplier under Chapter 13, Part 3,1 Special Fuel, unless the carbon emissions tax has been collected under this chapter;

(v) is blended with undyed diesel fuel and previously untaxed as special fuel; or

(vi) other than propane or electricity, is used in this state; and

(b) pay to the commission the carbon emissions tax imposed under this section.

(4) The commission may either collect no carbon emissions tax on special fuel exported from the state or, upon application, refund the tax paid.

(5) (a) (i) The commission shall deposit the revenue that the commission collects under this section with the state treasurer.

(ii) The commission shall credit the revenue deposited in accordance with Subsection (5)(a)(i) to the Transportation Investment Fund of 2005 created in Section 72-2-124.

(b) The Legislature shall appropriate from the Transportation Investment Fund of 2005 created in Section 72-2-124 to the commission an amount necessary to cover the expenses incurred in the administration and enforcement of this section and the collection of the carbon emissions tax under this section.

(c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 3, Special Fuel, apply to a carbon emissions tax imposed under this section.

(d) The commission shall apply cooperative agreements under Chapter 13, Part 5, Interstate Agreements, to the carbon emissions tax imposed under this section.

(e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 13. Section **59-30-203** is enacted to read:

59-30-203. Imposition of a carbon emissions tax on aviation fuel.

(1) (a) (i) Except as otherwise provided in this chapter, a person that is required to pay the aviation fuel tax under Chapter 13, Part 4, Aviation Fuel, shall pay, beginning on January 1, 2026, a carbon emissions tax on aviation fuel that is sold, used, or received for sale or use in this state.

(b) Subject to Subsection (1)(c), the rate of tax imposed in this section is as follows:

(i) beginning on January 1, 2026, and ending on December 31, 2026, 11.7 cents per gallon; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to the greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest 100th of a cent.

(c) (i) Subject to Subsection (1)(c)(ii), the tax rate described in this Subsection (1) may not exceed $1.17 per gallon.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (1)(c)(i) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(2) Each month, a person described in Subsection (1) shall:

(a) report to the commission electronically, as provided by the commission:

(i) the amount of aviation fuel that was purchased;

(ii) the total number of gallons of aviation fuel that was purchased;

(iii) for purchases by a federally certificated air carrier, the number of gallons of aviation fuel purchased by the airport at which the federally certificated air carrier purchased the aviation fuel; and

(iv) for purchases by a person that is not a federally certificated air carrier, the number of gallons of aviation fuel purchased by the airport at which the person that is not a federally certificated air carrier purchased the aviation fuel; and

(b) pay to the commission the carbon emissions tax imposed under this section.

(3) (a) (i) The commission shall deposit the revenue the commission collects under this section with the state treasurer.

(ii) The commission shall credit the revenue deposited in accordance with Subsection (3)(a)(i) into the Transportation Fund.

(b) The Legislature shall appropriate from the Transportation Fund to the commission the amount necessary to cover expenses incurred in the administration and enforcement of this section and the collection of the carbon emissions tax under this section.

(c) The Transportation Fund shall fund any refund to which a taxpayer is entitled under this section.

(4) The state treasurer shall place an amount equal to the total amount received from the carbon emissions tax on the sale or use of aviation fuel in the Aeronautics Restricted Account created by Section 72-2-126.

(5) (a) The tax imposed under Subsection (1) shall be allocated as provided in Section 59-13-402.

(b) Upon appropriation by the Legislature, the allocation to aeronautical operations of the Department of Transportation shall be used as provided in the Aeronautics Restricted Account created by Section 72-2-126.

(6) (a) The commission shall require reports and returns from distributors, retail dealers, and users to enable the commission and the Department of Transportation to allocate the revenue in accordance with Section 59-13-402 to be credited to:

(i) the Aeronautics Restricted Account created by Section 72-2-126; and

(ii) the separate accounts of individual airports.

(b) (i) Except as provided by Subsection (6)(b)(ii), any unexpended amount remaining in the account of any publicly used airport on the first day of January, April, July, and October shall be paid to the authority operating the airport.

(ii) Carbon emissions tax revenue allocated to an airport owned and operated by a city of the first class shall be paid to the city treasurer on the first day of each month.

(iii) The state treasurer shall deposit carbon emissions tax revenue collected on fuel sold at places other than publicly used airports in the Aeronautics Restricted Account created by Section 72-2-126.

(c) The refund, credit, administrative, and penalty provisions of Chapter 13, Part 4, Aviation Fuel, apply to a carbon emissions tax imposed under this section.

(7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 14. Section **59-30-204** is enacted to read:

59-30-204. Imposition of carbon emissions tax on natural gas.

(1) (a) Except as otherwise provided in this chapter, a purchaser shall pay, beginning on January 1, 2026, a carbon emissions tax on natural gas purchases.

(b) A purchaser shall pay the tax imposed under Subsection (1)(a) to the natural gas supplier at the time the purchaser buys the natural gas.

(2) (a) Subject to Subsections (2)(b) and (c), the rate of the tax imposed in this section is as follows:

(i) beginning on January 1, 2026, and ending on December 31, 2026, 65.84 cents per 1,000 cubic feet; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest 100th of a cent.

(b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may not exceed $6.58 per 1,000 cubic feet.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(iii) Any increase in the tax rate applies to natural gas that is provided to a purchaser on or after the effective date of the rate change.

(c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate under this section of the carbon emissions tax on natural gas purchases for industrial use is 10% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

(iii) The tax rate under this section of the carbon emissions tax on natural gas purchases for industrial use may not exceed 100% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(3) Each month, a natural gas supplier shall:

(a) report to the commission, electronically as provided by the commission:

(i) the total number of cubic feet of natural gas sold to a purchaser; and

(ii) the number of cubic feet of natural gas sold to a purchaser for industrial use; and

(b) remit to the commission the carbon emissions tax paid under this section.

(4) The commission shall deposit the carbon emissions tax revenue that the commission collects under this section into the Carbon Emissions Revenue Restricted account, created in Section 59-30-301.

(5) (a) A natural gas supplier may not, with intent to evade any tax, fail to timely remit the full amount of tax required by this section.

(b) A violation of this section is punishable as provided in Section 59-1-401.

(c) In addition to the tax due, a person shall pay the penalties described in Section 59-1-401 and the interest described in Section 59-1-402 if the person fails to:

(i) pay any tax to the state or any amount of tax required to be paid to the state, except amounts determined to be due by the commission under Chapter 1, Part 14, Assessment Collections, and Refunds Act, within the time required by this section; or

(ii) file any return as required by this section.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 15. Section **59-30-205** is enacted to read:

59-30-205. Imposition of carbon emissions tax on large emitter.

(1) Except as otherwise provided in this chapter, an operator of a large emitter shall pay, for a calendar year beginning on or after January 1, 2026, a carbon emissions tax on each metric ton of carbon dioxide that the large emitter emitted in this state during the previous calendar year from combustion of fossil fuels not subject to the taxes imposed under Sections 59-30-201 through 59-30-204.

(2) (a) Subject to Subsections (2)(b) and (c), the tax rate of the carbon emissions tax is:

(i) for the calendar year beginning on January 1, 2026, $12 per metric ton of carbon dioxide emissions; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to the greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest cent.

(b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may not exceed $120 per metric ton of carbon dioxide emissions.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate for industrial use under this section of the carbon emissions tax is 10% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

(iii) The tax rate under this section of the carbon emissions tax on the combustion by large emitters of fossil fuels not subject to the taxes imposed under Sections 59-30-201 through 59-30-204 may not exceed 100% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(3) On or before June 30, the operator shall, for the previous calendar year:

(a) report to the commission, on electronic forms provided by the commission:

(i) the number of metric tons of carbon dioxide emissions associated with industrial use listed on the certification obtained in accordance with Section 19-1-208; and

(ii) the number of metric tons of carbon dioxide emissions associated with uses other than industrial use listed on the certification obtained in accordance with Section 19-1-208;

(b) calculate the amount of carbon emissions tax due that is associated with industrial use by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions reported in accordance with Subsection (3)(a)(i);

(c) calculate the amount of carbon emissions tax due that is associated with uses other than industrial use by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions reported in accordance with Subsection (3)(a)(ii); and

(d) pay to the commission the carbon emissions taxes due under this section.

(4) The commission shall deposit the carbon emissions tax that the commission collects under this section into the Carbon Emissions Revenue Restricted Account, created in Section 59-30-301.

(5) An operator subject to taxation under this section that has a tax liability of $3000 or more in either the current tax year or the previous tax year shall make quarterly payments of estimated tax in accordance with the due dates, percentages, and penalty provisions described in Subsections 59-7-504(2)(b) through (e), (3), and (4).

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 16. Section **59-30-206** is enacted to read:

59-30-206. Imposition of carbon emissions tax on electricity provider.

(1) Except as otherwise provided in this chapter, an electricity provider shall pay, for a calendar year beginning on or after January 1, 2026, a carbon emissions tax on each metric ton of carbon dioxide emissions emitted to produce electricity that the electricity provider delivered in this state during the previous calendar year.

(2) (a) Subject to Subsections (2)(b) and (c), the tax rate of the carbon emissions tax is:

(i) for the calendar year beginning on January 1, 2026, $12 per metric ton of carbon dioxide emissions; and

(ii) beginning on January 1, 2027, and each January 1 thereafter, the rate determined by:

(A) increasing the rate effective January 1 of the previous year by 3.5% plus a percentage equal to greater of the actual percent change during the previous fiscal year in the consumer price index and 0; and

(B) rounding up to the nearest 100th of a cent.

(b) (i) Subject to Subsection (2)(b)(ii), the tax rate described in this Subsection (2) may not exceed $120 per metric ton of carbon dioxide emissions.

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall adjust the maximum tax rate described in Subsection (2)(b)(i) by adding to the maximum tax rate an amount equal to the greater of 0 and the amount calculated by multiplying the maximum tax rate for the previous calendar year by the actual percent change during the previous fiscal year in the consumer price index.

(c) (i) Subject to Subsections (2)(c)(ii) and (iii), the tax rate under this section of the carbon emissions tax on carbon emissions associated with electricity delivered for industrial

use is 10% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(ii) Beginning on January 1, 2027, and each January 1 thereafter, the commission shall increase the percentage amount in Subsection (2)(c)(i) by two percentage points.

(iii) The tax rate under this section of the carbon emissions tax on carbon emissions associated with electricity delivered for industrial use may not exceed 100% of the rate described in Subsection (2)(a) adjusted in accordance with Subsection (2)(b).

(3) On or before June 30, an electricity provider shall, for the previous calendar year:

(a) report to the commission, on electronic forms provided by the commission:

(i) the number of metric tons of carbon dioxide emissions associated with industrial use listed on the certification obtained in accordance with Section 19-1-209; and

(ii) the number of metric tons of carbon dioxide emissions associated with uses other than industrial use listed on the certification obtained in accordance with Section 19-1-209;

(b) calculate the amount of carbon emissions tax due that is associated with industrial use by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions reported in accordance with Subsection (3)(a)(i);

(c) calculate the amount of carbon emissions tax due that is associated with uses other than industrial use by multiplying the applicable tax rate described in Subsection (2) by the number of metric tons of carbon dioxide emissions reported in accordance with Subsection (3)(a)(ii); and

(d) pay to the commission the carbon emissions taxes due under this section.

(4) An electricity provider subject to taxation under this section that has a tax liability of $3000 or more in either the current tax year or the previous tax year shall make quarterly payments of estimated tax in accordance with the due dates, percentages, and penalty provisions described in Subsections 59-7-504(2)(b) through (e), (3), and (4).

(5) The commission shall deposit the carbon emissions tax revenue that the commission collects under this section into the Carbon Emissions Revenue Restricted Account, created in Section 59-30-301.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the procedures for administering and collecting the carbon emissions tax imposed under this section.

Section 17. Section **59-30-207** is enacted to read:

59-30-207. Exemptions.

(1) A carbon emissions tax imposed under this chapter does not apply to:

(a) fossil fuel brought into the state by means of the fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft;

(b) fossil fuel emissions that the state is prohibited from taxing under the Utah Constitution or the constitution or laws of the United States; or

(c) fossil fuel intended for export outside the state.

(d) A carbon emissions tax due under this chapter is in addition to all other taxes provided by law.

Section 18. Section **59-30-301** is enacted to read:

59-30-301. Carbon Emissions Revenue Restricted Account.

(1) There is created within the General Fund a restricted account known as the "Carbon Emissions Revenue Restricted Account."

(2) The account shall consist of:

(a) the revenue generated from the taxes imposed under Sections 59-30-204, 59-30-205, and 59-30-206;

(b) the revenue deposited into the account under Section 59-12-103;

(c) any interest and penalties levied in relation to administration of this chapter; and

(d) any other funds or donations for the fund and appropriations from other sources.

(3) Subject to Subsection (6), money in the fund shall be used to:

(a) make the transfer to the Income Tax Fund described in Section 59-10-1114;

(b) make the transfer described in Subsection (5)(b)(i);

(c) make the transfer described in Subsection (5)(b)(ii);

(d) make the transfer described in Subsection (5)(b)(iii);

(e) make the transfer described in Subsection (5)(b)(iv);

(f) make the transfer described in Subsection (5)(b)(v); and

(g) fund the Carbon Emissions Tax Refund Restricted Account created in Section 59-30-302.

(4) (a) On or before October 1, 2026, the commission shall calculate for the time period beginning on January 1, 2026, and ending on June 30, 2026, the total loss of revenue to the General Fund as a result of the elimination of the state sales and use tax on food and food ingredients.

(b) For a fiscal year beginning on or after July 1, 2026, the commission shall, upon completion of the audit of sales and use tax, calculate the total loss of revenue to the General Fund for the previous fiscal year as a result of the elimination of the state sales and use tax on food and food ingredients.

(5) (a) The commission shall make the transfers described in Subsection (6)(b):

(i) except as provided in Subsection (5)(b)(i)(A), for a fiscal year beginning on or after July 1, 2026;

(ii) subject to Subsection (6); and

(iii) subject to appropriation by the Legislature.

(b) The commission shall transfer from the fund:

(i) (A) for the time period beginning on January 1, 2026, and ending on June 30, 2026, into the General Fund, the amount calculated in accordance with Subsection (4)(a); and

(B) for a fiscal year beginning on or after July 1, 2026, into the General Fund, the amount calculated in accordance with Subsection (4)(b);

(ii) to the Department of Environmental Quality, created in Section 19-1-104, for the uses described in Section 19-2-401, $75,000,000;

(iii) to Utah Transit Authority to reduce vehicle emissions by reducing fares for or expanding access to public transit for low-income individuals, individuals of high school age and younger or 65 years of age and older, and individuals with disabilities, $5,000,000;

(iv) to the Division of Air Quality, created in Section 19-1-105, for the uses described in Title 19, Chapter 2, Part 2, Clean Air Retrofit, Replacement, and Off-road Technology Program, $20,000,000; and

(v) to the Governor's Office of Economic Opportunity – Rural Employment Expansion Program, for the Governor's Office of Economic Opportunity created in Section 63N-1a-301, in consultation with the Center for Rural Development created in Section 63N-4-102, to use for diversifying the economy in rural counties and communities in ways that reduce dependence on fossil fuels, $50,000,000.

(c) The commission shall make:

(i) the transfers described in Subsection (5)(b)(i) upon receipt of the calculation required by Subsection (4) from the commission; and

(ii) the transfers described in Subsections (5)(b)(ii) through (v) on or before August 1.

(6) (a) The balance in the account may not decrease below $20,000,000.

(b) If the balance in the fund on June 30 is insufficient to cover the cost of the items identified in Subsections (3)(a) through (f) and retain a balance of $20,000,000, each transfer shall be reduced in proportion to the overall shortfall.

(c) If the balance in the fund on June 30, after funding the items described in Subsections (3)(a) through (f) for the current fiscal year, exceeds $20,000,000, the commission shall transfer the amount that exceeds $20,000,000 into the Carbon Emissions Tax Refund Restricted Account created in Section 59-30-302.

Section 19. Section **59-30-302** is enacted to read:

59-30-302. Carbon Emissions Tax Refund Restricted Account.

(1) There is created within the General Fund a restricted account known as the "Carbon Emissions Tax Refund Restricted Account."

(2) The account shall consist of:

(a) deposits from the Carbon Emissions Revenue Restricted Account created in Section 59-30-301; and

(b) interest earned by the account.

(3) The Legislature may use the money in the account to lower taxes imposed in the state, especially for low- and middle-income households and for energy-intensive trade-exposed businesses.

Section 20. Section **72-2-126** is amended to read:

72-2-126. Aeronautics Restricted Account.

(1) There is created a restricted account entitled the Aeronautics Restricted Account within the Transportation Fund.

(2) The account consists of money generated from the following revenue sources:

(a) aviation fuel tax allocated for aeronautical operations deposited into the account in accordance with Section 59-13-402;

(b) aircraft registration fees deposited into the account in accordance with Section 72-10-110;

(c) carbon emissions tax revenue deposited in accordance with Section 59-30-203;

[~~(c)~~] (d) appropriations made to the account by the Legislature;

[~~(d)~~] (e) contributions from other public and private sources for deposit into the account; and

[~~(e)~~] (f) interest earned on account money.

(3) The department shall allocate funds in the account to the separate accounts of individual airports as required under Section 59-13-402.

(4) (a) Except as provided in Subsection (4)(b), the department shall use funds in the account for:

(i) the construction, improvement, operation, and maintenance of publicly used airports in this state;

(ii) the payment of principal and interest on indebtedness incurred for the purposes described in Subsection (4)(a);

(iii) operation of the division of aeronautics;

(iv) the promotion of aeronautics in this state; and

(v) the payment of the costs and expenses of the Department of Transportation in administering Title 59, Chapter 13, Part 4, Aviation Fuel, or another law conferring upon it the duty of regulating and supervising aeronautics in this state.

(b) The department may use funds in the account for the support of aerial search and rescue operations, provided that no money deposited into the account under Subsection (2)(a) is used for that purpose.

(5) (a) Money in the account may not be used by the department for the purchase of aircraft for purposes other than those described in Subsection (4).

(b) Money in the account may not be used to provide or subsidize direct operating costs of travel for purposes other than those described in Subsection (4).

(6) The Department may not use money in the account to fund:

(a) more than 77% of the operations costs related to state owned aircraft in fiscal year 2023-24;

(b) more than 52% of the operations costs related to state owned aircraft in fiscal year 2024-25;

(c) more than 26% of the operations costs related to state owned aircraft in fiscal year 2025-26;

(d) more than 10% of the operations costs related to state owned aircraft in fiscal year 2026-27; or

(e) any operations costs related to state owned aircraft in a fiscal year beginning on or after July 1, 2027.

Section 21. **Repealer.**

This bill repeals:

Section **59-10-1044, Nonrefundable earned income tax credit.**

Section 22. **Effective date.**

This bill takes effect on Jan 1, 2026, except that Sections 4, 5, 6, and 21 take effect for a taxable year beginning on or after January 1, 2026.